

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**ADMINISTRATIVE RULE  
FISCAL IMPACT STATEMENT**

**PROPOSED RULE:** 02-234

**DATE PREPARED:** Nov 8, 2002

**STATE AGENCY:** Office of the Sec. of Family and Social Services

**DATE RECEIVED:** Oct 10, 2002

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 317-233-3546

**Digest of Proposed Rule:** This rule amends 405 IAC 2-3-17 and 405 IAC 2-3-21 to specify that the Medicaid personal needs allowance is the amount set by Indiana statute. The rule also adds 405 IAC 7 concerning eligibility requirements and benefits issuance for supplemental assistance for personal needs for Medicaid recipients residing in health care facilities.

Residents of nursing facilities, intermediate care facilities for the mentally retarded (ICFs/MR), and individuals receiving assistance through the Assistance to Residents of County Homes (ARCH) and Room and Board Assistance (RBA) programs are allowed a monthly personal needs allowance of \$50. This rule implements HEA 1599 (2001) which raised the personal needs allowance to \$52.

In the case of an RBA or ARCH recipient with no income, the state pays the recipient the personal needs allowance. This amount is not considered income to the individual in the determination of eligibility and is for the exclusive use of the recipient for personal needs.

In addition, this rule provides for a payment to individuals in nursing facilities who are recipients of SSI assistance as well as Medicaid, to be paid the difference between the monthly personal needs allowance specified in statute and the Supplemental Security Income (SSI) assistance received by the individual. SSI recipients currently are allowed to retain a personal needs allowance of \$30. This rule requires the state to pay the SSI recipient \$22 per month (\$52 less \$30). These payments would come from state funds with no federal financial participation.

The rule is retroactive to July 1, 2002.

**Governmental Entities:** *State Impact:* Based on estimated numbers of Medicaid recipients in state-operated facilities, nursing facilities, CRF/DDs, recipients of residential assistance in the ARCH and RBA programs (state-funded programs with no Medicaid dollars), and SSI recipients in nursing facilities, the additional cost to the state from increasing the personal needs allowance by \$2 per month (to a total of \$52) would be about \$1.06 M in FY 2003 and \$1.07 M in FY 2004. (Total FY 2003 expenditures represent about \$2.096 M with about \$1.04 M in federal share.)

*Background Information:* Of the total expenditures of \$1.06 M, the nonSSI recipients would represent about \$1.075 M for FY 2003, or about \$644,000 in federal share and \$431,000 in state dollars. (This is based on approximate FY 2003 Medicaid Program cost shares of about 62% federal and 38% state. As part of the

impact to the state, the cost of changing the personal needs allowance for the about 1,500 ARCH/RBA recipients is about \$36,000 and would be funded solely from state funds.)

This estimate would be overstated to the extent that some individuals in the Medicaid Program would have zero income. Increasing the personal needs allowance for an individual with no income would not affect state costs.

In addition, this rule provides for a payment to individuals in nursing facilities who are recipients of SSI assistance as well as Medicaid, to be paid the difference between the monthly personal needs allowance specified in the bill and the SSI assistance received by the individual. SSI recipients currently are allowed to retain a personal needs allowance of \$30. This rule requires the state to pay the SSI recipient \$22 per month in FY 2003 (\$52 less \$30). These payments would come from state funds with no federal financial participation. The total cost of this provision is estimated to be about \$625,000 in each of FY 2003 and FY 2004.

This rule places no unfunded mandates upon state government.

*Local Impact:* This rule has no local impact and places no unfunded mandates upon any local government unit.

**Regulated Entities:** This rule has no impact on providers.

**Information Sources:** Evelyn Murphy, Office of Medicaid Policy and Planning, (317) 233-6467.